



CONNECTICUT DEPARTMENT OF CONSUMER PROTECTION

MICHELLE H. SEAGULL | COMMISSIONER

Testimony of Michelle Seagull Commissioner of Consumer Protection

Public Safety and Security Committee Public Hearing, February 22, 2022

SENATE BILL 134 “AN ACT REPEALING THE PROHIBITION AGAINST ACCEPTING ADVANCED DEPOSIT WAGERS”

Senator Osten, Senator Champagne, Representative Horn, Representative Howard and Honorable members of the Public Safety and Security Committee, thank you for the opportunity to offer testimony regarding Senate Bill 134 “*AN ACT REPEALING THE PROHIBITION AGAINST ADVANCED DEPOSIT WAGERING.*”

Connecticut General Statutes (CGS) Chapter 226 requires the Department of Consumer Protection (DCP) to regulate off-track betting in the State of Connecticut and very clearly requires that wagers originating from within this state cannot be accepted unless such transaction is conducted, and accepted, by an operator licensed by DCP. While this regulatory framework has been amended for various reasons since the early 1970’s, the required state regulation of wagers on races originating from Connecticut has been consistent. In the early 1990’s the statutes were amended several times, and ultimately, the state was required to negotiate and enter into a licensing agreement with a single entity to operate this industry. By virtue of a certain agreement with the State entitled State of Connecticut Off-Track Betting System Purchase Agreement dated as of June 30, 1993 (“OTB Agreement”) and Chapter 226 of the Connecticut General Statutes, Sportech Venues, Inc. (“Sportech”) is the State’s exclusive off-track betting

450 Columbus Boulevard, Suite 901 Hartford, CT 06103 | (860) 713-6100

www.ct.gov/DCP |  facebook.com/ctdcp |  @ctdcp

association licensee. Pursuant to the OTB Agreement, Sportech is expressly and exclusively authorized to accept wagers on horse racing events originating or placed from within the boundaries of the State of Connecticut.

Three years ago, Sections 358 and 359 of Public Act 19-117 reiterated that “No person or business organization, other than the authorized operator of the off-track betting system, shall conduct off-track betting in the state *or accept off-track betting wagers or advance deposit wagers* originating or placed from within the boundaries of the state.” This language updated the statutes to address advances in technology whereby more wagers are being placed via telephone or through the internet. It did not, however, add regulatory requirements to this form of gaming because those requirements already existed. The Public Act also added more teeth to the enforcement of these statutory requirements by clarifying penalties associated with any violation of the law by any entity conducting off-track betting or accepting advance deposit wagers.

Since the enactment of PA 19-117, DCP has worked with Sportech to allow out-of-state business entities to solicit, collect and route wagers originating from the State of Connecticut to Sportech for acceptance and processing. Such activity is consistent with state and federal law and allows the state to collect tax revenue from the out-of-state operators that legally enter into advance deposit wager agreements with Sportech. So far, Sportech has entered agreements with two operators, bringing them into compliance with Connecticut’s gaming and tax laws, and generating with \$2,915,283 in state revenue over the last two years.

The proponents of this bill have suggested that the Interstate Horseracing Act (“IHA”) somehow renders the need for a state gaming license to accept advance deposit wagers moot. It, in fact, does the opposite. Section 15 U.S. Code § 3004 (Regulation of interstate off-track wagering) states that “an interstate off-track wager may be accepted by an off-track betting system only if consent is obtained from... the off-track racing commission.” The “off-track racing commission” is defined as the entity designated by State statute or regulation with jurisdiction to regulate off-track betting. In this instance, that is DCP. Based on the IHA, state law and the OTB Agreement, Sportech is the only authorized entity to conduct off-track betting, including transactions that originate, or are placed from, within the bounds of the State of Connecticut.

PA 19-117 did not give Sportech the exclusive rights to accept advance deposit wagers originating from Connecticut, *they already had that exclusivity under CGS Chapter 226 and the OTB Agreement*. PA 19-117 did, however, add enforcement teeth to the provisions in Chapter 226. Passage of this proposal would not only violate the law and the OTB Agreement, but it would also result in a loss of state revenue now that some operators are finally in compliance with our licensing and tax laws.

Thank you for your consideration. Please let us know if you have any questions.